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HOUSE BILL 2144

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State of Washington

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By Representatives Beeksma, Elliot, D. Schmidt, Cairnes, Hymes, Huff, Goldsmith, Mulliken, Koster, Smith, Hickel, Thompson, Cooke, Hargrove and McMahan

Read first time 01/08/96. Referred to Committee on Finance.

1 AN ACT Relating to credit against business and occupation taxes  
2 due; amending RCW 82.04.4451; and adding a new section to chapter 82.04  
3 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 82.04.4451 and 1994 sp.s. c 2 s 1 are each amended to  
6 read as follows:

7 (1) In computing the tax imposed under this chapter, a credit is  
8 allowed against the amount of tax otherwise due under this chapter, as  
9 provided in this section. The maximum credit for a taxpayer for a  
10 reporting period is (~~thirty-five~~) one hundred dollars multiplied by  
11 the number of months in the reporting period, as determined under RCW  
12 82.32.045.

13 (2) When the amount of tax otherwise due under this chapter is  
14 equal to or less than the maximum credit, a credit is allowed equal to  
15 the amount of tax otherwise due under this chapter.

16 (3) When the amount of tax otherwise due under this chapter exceeds  
17 the maximum credit, a reduced credit is allowed equal to twice the  
18 maximum credit, minus the tax otherwise due under this chapter, but not  
19 less than zero.

1        NEW SECTION.    **Sec. 2.**    A new section is added to chapter 82.04 RCW  
2 to read as follows:

3        (1) In computing the tax imposed under this chapter, a new business  
4 may claim a credit under this section or under RCW 82.04.4451, but may  
5 not claim a credit under both this section and RCW 82.04.4451. A  
6 credit is allowed for a new business during its first thirty-six months  
7 of operation against the amount of tax otherwise due under this  
8 chapter, as provided in this section. The maximum credit for a  
9 taxpayer for a reporting period is two hundred dollars multiplied by  
10 the number of months in the reporting period, as determined under RCW  
11 82.32.045.

12        (2) When the amount of tax otherwise due under this chapter is  
13 equal to or less than the maximum credit, a credit is allowed equal to  
14 the amount of tax otherwise due under this chapter.

15        (3) When the amount of tax otherwise due under this chapter exceeds  
16 the maximum credit, a reduced credit is allowed equal to twice the  
17 maximum credit, minus the tax otherwise due under this chapter, but not  
18 less than zero.

19        (4) As used in this section:

20        (a) "New business" means a business that obtained or was required  
21 to obtain a registration certificate under RCW 82.32.030 for the first  
22 time during the thirty-six months immediately preceding the date on  
23 which exemption is first claimed under this chapter.

24        (b) "New business" does not include:

25        (i) A business that has been restructured, reorganized, or  
26 transferred, unless the majority of the activities to be conducted  
27 after restructuring, reorganization, or transferral are significantly  
28 different from the activities previously conducted;

29        (ii) A new branch location or other facility except by an existing  
30 out-of-state entity first doing business in this state;

31        (iii) A business that is substantially similar to a business  
32 currently operated, or operated within the past five years, by the same  
33 principals.

34        The department may require a new business to certify its status as  
35 part of its master business application, or with the first tax return  
36 claiming exemption under this section.

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